



General Assembly

**Substitute Bill No. 5365**

February Session, 2010

\* \_\_\_\_HB05365ET\_\_\_\_032410\_\_\_\_ \*

**AN ACT CONCERNING ELECTRIC DISTRIBUTION COMPANIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 16-243v of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2010*):

3 (a) For purposes of this section: (1) "Connecticut electric efficiency  
4 partner program" means the coordinated effort among the Department  
5 of Public Utility Control, persons and entities providing enhanced  
6 demand-side management technologies, and electric consumers to  
7 conserve electricity and reduce demand in Connecticut through the  
8 purchase and deployment of energy efficient technologies; (2)  
9 "enhanced demand-side management technologies" means demand-  
10 side management solutions, customer-side emergency dispatchable  
11 generation resources, customer-side renewable energy generation, load  
12 shifting technologies and conservation and load management  
13 technologies that reduce electric distribution company customers'  
14 electric demand, and high efficiency natural gas and oil boilers and  
15 furnaces; and (3) "Connecticut electric efficiency partner" means (A) an  
16 electric distribution company customer who acquires an enhanced  
17 demand-side management technology, [or] (B) a person, [other than]  
18 including an electric distribution company, that provides enhanced  
19 demand-side management technologies to electric distribution  
20 company customers, or (C) such a customer or person working

21 together to develop, implement or monitor approved technologies,  
22 proposals and programs.

23 (b) The Energy Conservation Management Board, in consultation  
24 with the Renewable Energy Investments Advisory Committee, shall  
25 evaluate and approve enhanced demand-side management  
26 technologies that can be deployed by Connecticut electric efficiency  
27 partners to reduce electric distribution company customers' electric  
28 demand. Such evaluation shall include an examination of the potential  
29 to reduce customers' demand, federally mandated congestion charges  
30 and other electric costs. On or before October 15, 2007, the Energy  
31 Conservation Management Board shall file such evaluation with the  
32 Department of Public Utility Control for the department to review and  
33 approve or to review, modify and approve on or before October 15,  
34 2007.

35 (c) Not later than October 15, 2007, the Energy Conservation  
36 Management Board shall file with the department, for the department  
37 to review and approve or to review, modify and approve, an analysis  
38 of the state's electric demand, peak electric demand and growth  
39 forecasts for electric demand and peak electric demand. Such analysis  
40 shall identify the principal drivers of electric demand and peak electric  
41 demand, associated electric charges tied to electric demand and peak  
42 electric demand growth, including, but not limited to, federally  
43 mandated congestion charges and other electric costs, and any other  
44 information the department deems appropriate. The analysis shall  
45 include, but not be limited to, an evaluation of the costs and benefits of  
46 the enhanced demand-side management technologies approved  
47 pursuant to subsection (b) of this section and establishing suggested  
48 funding levels for said individual technologies.

49 (d) Commencing April 1, 2008, any person may apply to the  
50 department for certification and funding as a Connecticut electric  
51 efficiency partner. Such application shall include the technologies that  
52 the applicant shall purchase or provide and that have been approved  
53 pursuant to subsection (b) of this section. In evaluating the application,

54 the department shall (1) consider the applicant's potential to reduce  
55 customers' electric demand, including peak electric demand, and  
56 associated electric charges tied to electric demand and peak electric  
57 demand growth, (2) determine the portion of the total cost of each  
58 project that shall be paid for by the customer participating in this  
59 program and the portion of the total cost of each project that shall be  
60 paid for by all electric ratepayers and collected pursuant to subsection  
61 (h) of this section. In making such determination, the department shall  
62 ensure that all ratepayer investments maintain a minimum two-to-one  
63 payback ratio, provided the department may reduce the minimum  
64 payback ratio to between one-to-one and two-to-one, inclusive, when  
65 the department finds that such reduction is necessary to achieve the  
66 annual ratepayer contribution level pursuant to this subsection, and (3)  
67 specify that participating Connecticut electric efficiency partners shall  
68 maintain the technology for a period sufficient to achieve such  
69 investment payback ratio. The annual ratepayer contribution for  
70 projects approved pursuant to this section shall not exceed sixty  
71 million dollars. Not less than seventy-five per cent of such annual  
72 ratepayer investment shall be used for the technologies themselves. No  
73 person shall receive electric ratepayer funding pursuant to this  
74 subsection if such person has received or is receiving funding from the  
75 Energy Conservation and Load Management Funds for the projects  
76 included in said person's application. No person shall receive electric  
77 ratepayer funding without receiving a certificate of public convenience  
78 and necessity as a Connecticut electric efficiency partner by the  
79 department. The department may grant an applicant a certificate of  
80 public convenience if it possesses and demonstrates adequate financial  
81 resources, managerial ability and technical competency. The  
82 department may conduct additional requests for proposals from time  
83 to time as it deems appropriate. The department shall specify the  
84 manner in which a Connecticut electric efficiency partner shall address  
85 measures of effectiveness and shall include performance milestones.  
86 For each project that has been supported by ratepayer contribution, the  
87 department shall require the applicable Connecticut electric efficiency  
88 partner to submit data sufficient to enable the department to monitor

89 the efficacy and cost effectiveness of such project at least annually,  
90 commencing in the year after the project has become operational. In  
91 conducting such monitoring, the department may work in conjunction  
92 with the Energy Conservation Management Board or may use a third-  
93 party consultant, provided the costs of monitoring shall be included as  
94 recoverable costs pursuant to subsection (f) of this section. The  
95 department shall review the results of the monitoring in an  
96 uncontested proceeding and include the decision in the proceeding as  
97 part of the department's report under subsection (i) of this section.

98 (e) Beginning February 1, 2010, a certified Connecticut electric  
99 efficiency partner may only receive funding if selected in a request for  
100 proposal developed, issued and evaluated by the department. In  
101 evaluating a proposal, the department shall take into consideration the  
102 potential to reduce customers' electric demand including peak electric  
103 demand and energy consumption, and associated electric charges tied  
104 to electric demand, energy and peak electric demand growth,  
105 including, but not limited to, federally mandated congestion charges  
106 and other electric costs, and shall utilize a cost benefit test established  
107 pursuant to subsection (c) of this section to rank responses for  
108 selection. The department shall determine the portion of the total cost  
109 of each project that shall be paid by the customer participating in this  
110 program and the portion of the total cost of each project that shall be  
111 paid by all electric ratepayers and collected pursuant to the provisions  
112 of this subsection. In making such determination, the department shall  
113 (1) ensure that all ratepayer investments maintain a minimum two-to-  
114 one payback ratio, and (2) specify that participating Connecticut  
115 electric efficiency partners shall maintain the technology for a period  
116 sufficient to achieve such investment payback ratio. The annual  
117 ratepayer contribution shall not exceed sixty million dollars. Not less  
118 than seventy-five per cent of such annual ratepayer investment shall be  
119 used for the technologies themselves. No Connecticut electric  
120 efficiency partner shall receive funding pursuant to this subsection if  
121 such partner has received or is receiving funding from the Energy  
122 Conservation and Load Management Funds for such technology. The

123 department may conduct additional requests for proposals from time  
124 to time as it deems appropriate. The department shall specify the  
125 manner in which a Connecticut electric efficiency partner shall address  
126 measures of effectiveness and shall include performance milestones.  
127 For each project that has been paid by electric ratepayer contribution,  
128 the department shall require the applicable Connecticut electric  
129 efficiency partner to submit data sufficient to enable the department to  
130 monitor the efficacy and cost effectiveness of such project at least  
131 annually, commencing in the year after the project has become  
132 operational. In conducting such monitoring, the department may work  
133 in conjunction with the Energy Conservation Management Board or  
134 may use a third-party consultant, provided the costs of monitoring  
135 shall be included as recoverable costs pursuant to subsection (f) of this  
136 section. The department shall review the results of the monitoring in  
137 an uncontested proceeding and include the decision in the proceeding  
138 as part of the department's report under subsection (i) of this section.

139 (f) The department may retain the services of a third party entity  
140 with expertise in areas such as demand-side management solutions,  
141 customer-side renewable energy generation, customer-side distributed  
142 generation resources, customer-side emergency dispatchable  
143 generation resources, load shifting technologies and conservation and  
144 load management investments to assist in the development and  
145 operation of the Connecticut electric efficiency partner program. The  
146 costs for obtaining third party services pursuant to this subsection  
147 shall be recoverable through the systems benefits charge.

148 (g) The department shall develop a long-term low-interest loan  
149 program to assist certified Connecticut electric efficiency partners in  
150 financing the customer portion of the capital costs of approved  
151 enhanced demand-side management technologies. The department  
152 may establish such financing mechanism by the use of one or more of  
153 the following strategies: (1) Modifying the existing long-term  
154 customer-side distributed generation financing mechanism established  
155 pursuant to section 16-243j, (2) negotiating and entering into an  
156 agreement with the Connecticut Development Authority to establish a

157 credit facility or to utilize grants, loans or loan guarantees for the  
158 purposes of this section upon such terms and conditions as the  
159 authority may prescribe including provisions regarding the rights and  
160 remedies available to the authority in case of default, or (3) selecting by  
161 competitive bid one or more entities that can provide such long-term  
162 financing. Upon the request of an electric distribution company, the  
163 department shall authorize the cost of projects using approved  
164 enhanced demand-side management technologies, including capital  
165 costs, for recovery in accordance with subsection (h) of this section.

166 (h) The department shall provide for the payment of electric  
167 ratepayers' portion of the costs of deploying enhanced demand-side  
168 management technologies by implementing a contractual financing  
169 agreement with the Connecticut Development Authority or a private  
170 financing entity selected through an appropriate open competitive  
171 selection process or by allowing recovery of such costs incurred by an  
172 electric distribution company over time with a return of unamortized  
173 balances through the systems benefits charge over an amortized period  
174 to be established by the department based upon the expected useful  
175 life of the projects. No contractual financing agreements entered into  
176 with the Connecticut Development Authority shall exceed ten million  
177 dollars. Any electric ratepayer costs resulting from such financing  
178 agreement shall be recovered from all electric ratepayers through the  
179 systems benefits charge.

180 (i) On or before February 15, 2009, and annually thereafter, the  
181 department shall report to the joint standing committee of the General  
182 Assembly having cognizance of matters relating to energy regarding  
183 the effectiveness of the Connecticut electric efficiency partner program  
184 established pursuant to this section. Said report shall include, but not  
185 be limited to, an accounting of all benefits and costs to ratepayers, a  
186 description of the approved technologies, the payback ratio of all  
187 investments, the number of programs deployed and a list of proposed  
188 projects compared to approved projects and reasons for not being  
189 approved.

190 (j) On or before April 1, 2011, the Department of Public Utility  
191 Control shall initiate a proceeding to review the effectiveness of the  
192 program and perform a ratepayer cost-benefit analysis. Based upon the  
193 department's findings in the proceeding, the department may modify  
194 or discontinue the partnership program established pursuant to this  
195 section.

196 Sec. 2. Subdivision (4) of subsection (a) of section 16-244e of the  
197 general statutes is repealed and the following is substituted in lieu  
198 thereof (*Effective July 1, 2010*):

199 (4) The unbundling plan and order shall provide for the allocation  
200 of the rights and responsibilities pursuant to sections 16-245e to 16-  
201 245k, inclusive, between the electric distribution company and any  
202 generation entities or affiliates and shall provide for the allocation of  
203 revenue under a special contract among those components of a  
204 customer's bill specified in subparagraph (A) of subdivision [(1)] (2) of  
205 subsection (a) of section 16-245d. Such plan shall include a proposed  
206 modification or elimination to the adjustment pursuant to section 16-  
207 19b. Such plan shall not allow the transfer of assets or liabilities  
208 allocable or belonging to transmission or distribution functions or  
209 facilities to the generation entity or affiliate of an electric company, nor  
210 allow the transfer of assets or liabilities, other than financial assets or  
211 liabilities to be funded by the competitive transition assessment  
212 pursuant to section 16-245g or the systems benefits charge pursuant to  
213 section 16-245l, allocable or belonging to generation functions or  
214 facilities to the electric distribution company, as defined in section 16-  
215 1, unless federal law or regulation requires such a transfer with regard  
216 to nuclear generation assets. All entitlements and obligations from any  
217 purchased power contract or independent power producer contract  
218 entered into before July 1, 1998, by the predecessor electric company  
219 which are not bought out shall succeed to the electric distribution  
220 company. Such plan shall include a discussion of the impacts of the  
221 proposed plan on the company's employees and plans for mitigating  
222 such impact.

223       Sec. 3. (NEW) (*Effective July 1, 2010*) Notwithstanding any other  
 224 provision of the general statutes, an electric distribution company may  
 225 provide notice of the identity of any nursing home or other long-term  
 226 care facility to which the electric distribution company has sent a shut-  
 227 off notice as a result of the facility's payment delinquency to the  
 228 Department of Public Utility Control, the Department of Social  
 229 Services and the Department of Public Health. Such notice shall  
 230 include the name and address of the facility, the amount due to the  
 231 electric distribution company, the dates and amounts of the last five  
 232 payments by the facility and a copy of the shut-off notice.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2010</i>	16-243v
Sec. 2	<i>July 1, 2010</i>	16-244e(a)(4)
Sec. 3	<i>July 1, 2010</i>	New section

***Statement of Legislative Commissioners:***

In sections 1 (d) and 1 (e), "energy efficiency partner" was changed to "electric efficiency partner" for internal consistency.

***ET***           *Joint Favorable Subst.*